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Attorneys for Receiver
Stephen J. Donell

UNITED STATES DISTRICT COURT

SOUTHERN DISTRICT OF CALIFORNIA

SECURITIES AND EXCHANGE COMMISSION, Plaintiff, v. PLUS MONEY, INC. and MATTHEW LA MADRID, Defendants, THE PREMIUM RETURN FUND LIMITED-LIABILITY LIMITED PARTNERSHIP, ET AL., Relief Defendants.	Case No. 3:08cv-0764 BEN (NLS) DECLARATION OF JOSHUA A. DEL CASTILLO IN SUPPORT OF FIRST INTERIM REPORT OF RECEIVER, STEPHEN J. DONELL, AND PETITION FOR INSTRUCTIONS

DECLARATION OF JOSHUA A. DEL CASTILLO

I, Joshua A. del Castillo, declare as follows:

1. I am an attorney at the law firm of Allen Matkins Leck Gamble Mallory & Natsis LLP, counsel of record for Stephen J. Donell, the Court-Appointed Permanent Receiver (the "Receiver") for Defendant Plus Money, Inc. and Relief Defendants The Premium Return Fund Limited-Liability Limited Partnership, The Premium Return Fund II Limited-Liability Limited Partnership, The Premium Return Fund III Limited-Liability Limited Partnership, Return Fund, LLC, Return Fund II, LLC, Return Fund III, LLC, Return Fund IV, LLC, Return Fund V, LLC, Return Fund VI, LLC, and their subsidiaries and affiliates (collectively with Plus Money, Inc., the "Receivership Entities") in the above-captioned matter. I am a member in good standing of the State Bar of California and have been admitted to practice before this Court. I have personal knowledge of the facts set forth in this Declaration and, if called as a witness, could and would testify competently to such facts under oath.

2. After his appointment by the Court, on May 20, 2008, the Receiver formally requested access to any Receivership Entity documents and records possessed by the United States Securities and Exchange Commission (the "Commission"). A true and correct copy of an Access Letter written on the Receiver's behalf is attached hereto as Exhibit A.

3. The Receiver's access request to the Commission was granted on May 27, 2008. A true and correct copy of the Commission's approval notice is attached hereto as Exhibit B.

4. Subsequent to his appointment, the Receiver requested that Defendant Matthew LaMadrid ("LaMadrid") deliver to the Receiver originals of all Receivership Entity documents or records in his possession or under his control. A true and correct copy of a June 10, 2008 follow-up document request made on behalf of the Receiver, and documenting LaMadrid's production of documents already produced in a related case, is attached hereto as Exhibit C.

5. Subsequent requests to LaMadrid for additional documents were met with the response that LaMadrid had produced all Receivership Entity documents in his possession. A true and correct copy of a June 17, 2008 letter from LaMadrid's counsel, Joseph Casas, reflecting

LaMadrid's position that all Receivership Entity documents in his possession had been produced to the Receiver is attached hereto as Exhibit D.

6. In response to recent correspondence, LaMadrid's counsel has suggested that LaMadrid would likely assert his Fifth Amendment right against self-incrimination were the Receiver to seek any further discovery from LaMadrid. A true and correct copy of a July 10, 2008 letter from La Madrid's counsel suggesting the LaMadrid's cooperation with the Receiver would be "on a different plane" were LaMadrid not concerned with self-incrimination is attached hereto as Exhibit E.

7. On July 23, 2008, LaMadrid's counsel delivered a letter to the Court requesting a clarification of the Appointment Order's requirement that he provide an accounting of his personal assets, or allowing him an exemption from this requirement in connection with his apparent decision to exercise his Fifth Amendment right against self-incrimination. A true and correct copy of LaMadrid's request to the Court is attached hereto as Exhibit F.

I declare under penalty of perjury that the foregoing is true and correct.

Executed on July 30, 2008, at Los Angeles, California.

Joshua A. del Castillo

EXHIBIT "A"

Allen Matkins

Allen Matkins Leck Gamble Mallory & Natsis LLP
Attorneys at Law
515 South Figueroa, 9th Floor | Los Angeles, CA 90071-3309
Telephone: 213.622.5555 | Facsimile: 213.620.8816
www.allenmatkins.com

Joshua A. del Castillo
E-mail: jdelcastillo@allenmatkins.com
Direct Dial: 213.955.5591 File Number: D2852-002/LA796010.01

Via Email/US Postal

May 20, 2008

John M. McCoy III
U.S. Securities and Exchange Commission
5670 Wilshire Boulevard, 11th Floor
Los Angeles, CA 90036

**Re: SEC v. Plus Money, Inc., et al.
Case No. 08-CV-0764-BEN-NLS**

Dear Mr. McCoy:

As you know, this firm represents Stephen J. Donell (the "Receiver"), court-appointed Receiver for Plus Money, Inc., The Premium Return Fund Limited-Liability Limited Partnership, The Premium Return Fund II Limited-Liability Limited Partnership, The Premium Return Fund III Limited-Liability Limited Partnership, Return Fund, LLC, Return Fund II, LLC, Return Fund III, LLC, Return Fund IV, LLC, Return Fund V, LLC, Return Fund VI, LLC, and their subsidiaries and affiliates in the above-referenced action. I am writing to request, on behalf of the Receiver, that you provide the Receiver and his professionals[1] access to the investigative and other non-public files of the U.S. Securities and Exchange Commission (the "Commission") related to the above-referenced matter. This request is made in connection with that litigation styled SEC v. Plus Money, Inc., et al., currently pending in the United States District Court for the Southern District of California.

The Receiver and his professionals will establish and maintain such safeguards as are necessary and appropriate to protect the confidentiality of the files to which access is granted and information derived therefrom. The files and information may, however, be used for the purpose of the Receiver's investigation and/or the above-referenced proceeding and any resulting proceedings.

Other than as set forth in the preceding paragraph, the Receiver and his professionals will:

- Make no public use of the files or information without prior approval from your staff;

---

[1] The Receiver's professionals shall include the Receiver's counsel, forensic accountant, and other professionals engaged to assist the Receiver in connection with the above-referenced matter.

- Notify you of any legally enforceable demand for the files or information prior to complying with the demand, and assert such legal exemptions or privileges on your behalf as you may request; and

- Not grant any other demand for the files or information without prior notice to and lack of objections by your staff.

The Receiver recognizes that until the above-referenced matter has been closed, the Commission continues to have an interest and will take further investigatory or other steps as it considers necessary in the discharge of its duties and responsibilities.

Should you have any questions, please do not hesitate to contact me, or the Receiver.

Very truly yours,

Joshua A. del Castillo

JAD

cc: Stephen J. Donell
David L. Osias

EXHIBIT "B"

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
100 F. Street, N.E.
Washington, D.C. 20549

DIVISION OF
ENFORCEMENT

May 27, 2008

Joshua A. Del Castillo, Attorney
Allen Matkins Leck Gamble Mallory & Natsis, LLP
515 South Figueroa
9th Floor
Los Angeles, CA 90071-3309

Re: In the Matter of Plus Money, Inc. (LA-03486-A)

Dear Mr. Del Castillo:

Your request, by letter dated May 20, 2008, for access to Commission files has been granted, in reliance upon the assurances regarding use and confidentiality set forth in your letter. The Commission makes no recommendation with respect to investigation or prosecution by your agency. In addition, unless and until this matter is closed, the Commission continues to have an interest and will take such further investigatory or other steps as it considers necessary in the discharge of its duties and responsibilities.

We will identify any information disclosed to you that is subject to the Right to Financial Privacy Act of 1978 [12 U.S.C. 3401-22] (RFPA). If we disclose "financial records" of a "customer" to another federal agency, the customer generally must be notified of the disclosure within 14 days. This notice is not required when we disclose to: federal financial institution supervisory agencies, the Federal Trade Commission or the Commodity Futures Trading Commission pursuant to Section 1112(e) of the RFPA [12 U.S.C. 3412(e)]; the Criminal Investigative Division of the Internal Revenue Service for criminal investigative purposes relating to money laundering or other financial crimes pursuant to Section 1112(f) of the RFPA [12 U.S.C. 3412(f)]; the Department of Justice pursuant to Section 21(h) of the Securities Exchange Act of 1934 [15 U.S.C. 78u(h)]; or any person other than a federal agency.

The files to which access has been granted are being retained by the Los Angeles Regional Office of the Commission. Your representative should contact Peter Del Greco at (323) 965-3892 to make arrangements to review the files. I would also appreciate it if you would inform that person in the event that your agency institutes public proceedings based upon information that you obtain as a result of this grant of access.

Very truly yours,

Joan McKown
Chief Counsel

EXHIBIT "C"

Allen Matkins

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Joshua A. del Castillo
E-mail: jdelcastillo@allenmatkins.com
Direct Dial: 213.955.5591 File Number: D2852-002/LA796379.03

Via Email/US Postal

June 10, 2008

Joseph N. Casas
Casas Law Group, P.C.
2323 Broadway, Studio 202
San Diego, CA 92102

Re: SEC v. Plus Money, Inc., et al.
Case No. 08-CV-0764-BEN (NLS)

Dear Mr. Casas:

Thank you for providing Stephen J. Donell (the "Receiver"), court-appointed Permanent Receiver for Plus Money, Inc., The Premium Return Fund Limited-Liability Limited Partnership, The Premium Return Fund II Limited-Liability Limited Partnership, The Premium Return Fund III Limited-Liability Limited Partnership, Return Fund, LLC, Return Fund II, LLC, Return Fund III, LLC, Return Fund IV, LLC, Return Fund V, LLC, Return Fund VI, LLC, and their subsidiaries and affiliates (collectively, the "Receivership Entities") with copies of those documents produced by the Receivership Entities in the San Diego Superior Court matter styled Heisey v. Plus Money, Inc., et al., San Diego Superior Court Case No. 37-2008-00081169-CU-SL-CTL (the "State Court Case").

I am writing to request that you produce, to the Receiver or to Allen Matkins, original copies of any and all files, documents, financial information (including bank records, tax records, and contact information for any accountants who performed services for the Receivership Entities), computers, website and login password information, postal information (including lists of mailing addresses used by the Receivership Entities), and other materials within your possession or control belonging to or relating to the Receivership Entities, including original copies of those materials already produced to the Receiver (collectively, the "Receivership Materials").

Although we sincerely appreciate your making the documents produced in the State Court Case available, the Receiver is not a state court litigant, and is not subject to any discovery or other privileges asserted against the plaintiffs in that case. As you know, by virtue of his appointment, the Receiver succeeds as a legal representative to the Receivership Entities, with exclusive authority and control over their assets, including their books and records. The attorney-client privilege of the Receivership Entities likewise transfers to the Receiver. See United States v. Plache, 913 F.2d

1375, 1381 (9th Cir. 1990); see also Commodities Futures Trading Comm'n v. Standard Forex, Inc., 882 F.Supp. 40, 42-43 (E.D.N.Y. 1995) (attorney-client privilege transfers to receiver because receiver supplants prior management of entities in receivership).

Pursuant to Section VI of the District Court's May 16, 2008 Preliminary Injunction and Order: (1) Freezing Assets; (2) Appointing a Permanent Receiver; (3) Requiring Accountings; and (4) Prohibiting the Destruction of Documents (the "Appointment Order"), the Receiver is entitled to the turnover of all Receivership Entity property, including the Receivership Materials, irrespective of any privileges asserted against third parties in the State Court Case. In addition, Section VII of the Appointment Order requires all agents of the Receivership Entities to immediately and unconditionally provide the Receiver with access to and control over the Receivership Materials. I therefore request that you deliver the Receivership Materials to the Receiver, or Allen Matkins, as soon as possible.

As the Receiver and I have previously noted, you are welcome to retain copies of the requested materials for your records. Also, for your convenience, you may deliver the Receivership Materials to David Osias, in Allen Matkins' San Diego office. Please deliver them no later than 5:00 p.m. on June 16, 2008.

Please do not hesitate to contact me if you have any questions. Alternatively, you may contact David Osias, in our San Diego office. Thank you for your prompt cooperation.

Very truly yours,

Joshua A. del Castillo

JAD

cc: Stephen J. Donell
David L. Osias

EXHIBIT "D"

CASASLAWGROUP
BIG FIRM POWER | SMALL FIRM FEEL

Joseph N. Casas
C.E.O. & MANAGING ATTORNEY

EMAIL ADDRESS
joseph@casaslaw.com

June 17, 2008

Joshua A. del Castillo
Allen Matkins Leck Gamble Mallory & Natsis LLP
515 South Figueroa, 9th Floor
Los Angeles, CA 90071-3309
Fax (213) 620-8816

Re: SEC v. Plus Money, Inc., et al.
Case No. 3:08 CV-0764 BEN (NLS)

Mr. Del Castillo:

This correspondence is responsive to your June 10, 2008 letter in which you requested certain information and/or documents within our possession or control belonging to, or relating to, the Receivership Entities.

At this time, this firm does not have any additional responsive documents and/or information in our possession or control. Simply put, you have what we have. And more specifically, we do not have any originals, we only have copies provided to us from our client. Additionally, we have already provided the Receiver with a soft copy of the source documents you have requested.

The original copies are on the hard drives of the company's computers. All company computers are in the possession of the Federal Bureau of Investigation. As such, you should direct your request for originals to the Federal Bureau of Investigation or the Department of Justice.

If you have any questions, please contact me at your convenience.

Thank you,

Joseph N. Casas
CASAS LAW GROUP
A Law Corporation

EXHIBIT "E"

2323 Broadway, Studio 202
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CASASLAWGROUP

Fax

To:	Joshua A. del Castillo	**From:**	Casas Law Group
Fax:	(213) 620-8816	**Pages:**	2– Including cover
Phone:		**Date:**	7/10/2008
Re:	SEC v. Plus Money, Inc. , et al.	**CC:**	

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• **Comments:**

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Joseph N. Casas
C.E.O. & MANAGING ATTORNEY

EMAIL ADDRESS
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July 10, 2008

Joshua A. Del Castillo
Allen Matkins Leck Gamble Mallory & Natsis LLP
515 South Figueroa, 9th Floor
Los Angeles, CA 90071-3309
Fax (213) 620-8816

Re: SEC v. Plus Money, Inc., et al.
Case No. 3:08 CV-0764 BEN (NLS)

Mr. Del Castillo:

Thank you for your correspondence dated July 10, 2008 in which you ask me to confirm the scope of the stay sought by Mr. La Madrid relative to the Receiver's duties and responsibilities. At this juncture, I think this is a question best addressed by the Judge, since, as you point out, the Receiver is court-appointed.

Please note, however, that I will be representing Mr. La Madrid in any criminal proceedings and/or investigations. As such, while the Receiver may be requesting documents/information from Mr. La Madrid which are not related to any criminal investigation, I will have to carefully consider the negative implications of LaMadrid's cooperation with the Receiver in light of the criminal investigation he is facing. Thus, you should not be surprised if Mr. La Madrid invokes his 5th Amendment right to remain silent to any of your inquiries.

I mention this to you by way of information and as a factor to consider in whether or not the Receiver will be able to thoroughly and effectively accomplish his mission as a Receiver. Certainly, if there were no criminal investigation afoot, Mr. La Madrid's cooperation would be on a different plane. I hope this helps.

Thank You,

Joseph N. Casas
CASAS LAW GROUP
A Law Corporation

EXHIBIT "F"

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Joseph N. Casas
C.E.O. & MANAGING ATTORNEY

EMAIL ADDRESS
joseph@casaslaw.com

July 23, 2008

Via U.S. Mail

The Honorable Roger T. Benitez
United States District Judge
Edward J. Schwartz U.S. Courthouse
940 Front Street
San Diego, CA 92101-8900

Re: SEC v. Plus Money, Inc., et al.
Case No.: 3:08 CV-0764 BEN (NLS)

To the Honorable Court:

We are writing to request clarification regarding Section XIII of the Court's Preliminary Injunction and Order dated May 16, 2008 (the "Preliminary Injunction") in the above-entitled case, in light of defendant Matthew La Madrid's ("Mr. La Madrid") Motion for Stay of Civil Proceedings Pending Resolution of Criminal Case ("Motion to Stay"), which was filed on July 7, 2008. A copy of the Preliminary Injunction is attached to this letter for the Court's reference as Exhibit "A".

Pursuant to Section XIII of the Preliminary Injunction, Mr. La Madrid was to prepare and deliver a schedule of assets to the U.S. Securities and Exchange Commission. Since the filing of the Preliminary Injunction, however, the United States Attorney's Office has increased its criminal investigation of Mr. La Madrid relating to his management of Plus Money, Inc. and the Premium Return Funds (collectively, the "Funds"), and Mr. La Madrid is now informed and believes that his criminal indictment is imminent.

The schedule of assets ordered in the Preliminary Injunction would contain a full inventory of Mr. La Madrid's property and financial accounts, and a description of the sources of those assets. Mr. La Madrid is unable to fully account for the provenance of his assets without revealing potentially incriminating information related to his management of the Funds. In order to preserve his defenses in the criminal investigation he now faces, Mr. La Madrid objects to producing the schedule of assets at this time and invokes his Fifth Amendment rights. On June 18, 2008, we informed the SEC of the same via correspondence. (*See* Correspondence from Joseph N. Casas to Joshua A. Del Castillo attached hereto as Exhibit "B".)

As discussed in Mr. La Madrid's Motion to Stay, which is set for hearing on August 11, 2008, Mr. La Madrid is currently defending himself in multiple civil actions as well as a criminal investigation involving the same set of facts. He currently faces the unenviable decision of disclosing potentially incriminating information in the schedule of assets which the U.S. Attorney's Office could then use to prosecute him, or invoking his Fifth Amendment rights and facing possible sanctions in this case by not producing the schedule of assets as ordered in the Preliminary Injunction. Courts have observed that the exercise of the Fifth Amendment "should not be made unnecessarily costly" for defendants in Mr. La Madrid's precarious position. *See SEC v. Healthsouth*, 261 F.Supp.2d 1298, 1316 (N.D. Ala. 2003) (*quoting United States v. Certain Real Property*, 55 F.3d 78, 84 (2nd Cir. 1995)).

Because of changed circumstances since the Preliminary Injunction was entered on May 16, 2008 (*i.e.*, the increased intensity of the U.S. Attorney's criminal investigation, the imminent criminal indictment, the prejudice to Mr. La Madrid's constitutional rights to due process and against self-incrimination, and the filing of Mr. La Madrid's Motion to Stay), Mr. La Madrid respectfully asks the Court for clarification that he may await the Court's ruling on the pending Motion to Stay prior to producing the schedule of assets. Mr. La Madrid begs the mercy and patience of the Court and respectfully proposes that the issue of producing the schedule of assets be addressed at the hearing on the Motion to Stay and/or in the Court's ruling on the motion.

Very Truly Yours,

Joseph N. Casas, J.D., M.B.A.
CASAS LAW GROUP
A Professional Corporation

cc: (w/o encl.)
John M. McCoy, III, Esq.
Peter F. Del Greco, Esq.
U.S. Securities and Exchange Commission
Los Angeles Regional Office
5670 Wilshire Boulevard, 11th Floor
Los Angeles, California 90036-3648
Attorneys for Plaintiff U.S. Securities and Exchange Commission

Joshua A. Del Castillo, Esq.
David Osias, Esq.
Allen Matkins Leck Gamble Mallory & Natsis LLP
515 South Figueroa Street, 9th Floor
Los Angeles, California 90071-3309
Attorneys for the court-appointed Receiver, Stephen J. Donnell